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**ARIZONA CORPORATION COMMISSION****SANDRA D. KENNEDY**1200 W. Washington
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January 23, 2020

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN. (DOCKET NO. E-01345A-19-0236)

Commissioners and Interested Parties:

After my initial review of the Brattle Group report that was docketed on January 15, 2020 (after the Open Meeting), I would appreciate some clarity on some of the items discussed below. I also would like to highlight some concerns that we should take into account when conducting our own investigation.

The scope of the audit was limited to whether the new web tool calculates customer bills consistent with APS's bill calculation protocols. The scope for our investigation should not be this limited; it should review the tool's accuracy starting with its initial rollout in 2017. Regarding the Brattle Group report scope, however, I would like some clarity regarding the following:

- What is APS's intended methodology?
- Brattle Group says that a description of the methodology was provided to Brattle by APS. Please provide that description, in addition to the actual intended methodology.

The information provided to Brattle to conduct their audit appears to have been constrained. For instance, APS initially provided Brattle with "monthly billing determinant data" but then "additional information was needed to accurately calculate customer bills." Was there a reason all data necessary to accurately calculate customer bills was not provided to Brattle at the outset? Why wasn't Brattle given the raw data, rather than data processed first by APS?

I would like to also address the actual usability of the tool. APS provided a sample of 55,343 customers for the audit. Out of this sample, 46,029 customers are eligible to use the tool. As Brattle Group notes, 17% - or almost one in five customers- will be unable to use the tool. While this report's focus was limited to verification of the tool for customers who are eligible to use it, that leaves a significant portion of customers without access to a tool that has been touted as critical to APS's customer engagement and outreach strategy. Why is APS spending so much of the ratepayer money on a tool that works for "most" of its customers, but not all? What is being done to assist the rest of the customers that are ineligible to use this tool?

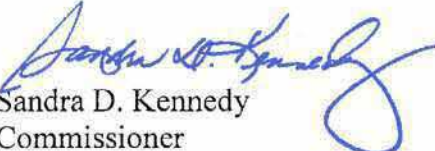
I would like APS to provide some clarity on the following:

- When a customer who is ineligible to use the tool attempts to use it, what notification will that customer receive?
 - Will APS provide alternative customer assistance options at that time those who cannot use the online tool?
 - How do we know the calculations of those options are accurate?
- Customers who are ineligible to use the tool include landlord accounts, and accounts with billing data for less than 3 billing cycles. Students, low-income, and other groups that tend to rent instead of own would likely benefit the most from an accurate online rate tool.
 - Why isn't there a way for the utility to provide historical data for the previous tenant or occupant of the residence, so the new occupants have some baseline understanding of the energy bills and rate options? If not, why not?
 - What are the other means by which customers have when obtaining advice on their different rate plans?

Overall, it appears that Brattle Group has successfully completed its task for its client, Arizona Public Service ("APS"). As the report notes, Brattle Group has "verified that the bills shown in the web tool are being calculated using the methodology that APS intended."¹ This reaches a conclusion that surprises no one.

I hope APS does not consider its work completed after docketing this report. APS's customer engagement and outreach on their rate plans need significant upgrading before I am comfortable that ratepayers are not being harmed yet again by the monopoly known as APS.

Sincerely,


Sandra D. Kennedy
Commissioner

¹ Brattle Group Report, <https://docket-images.azcc.gov/F000004457.pdf>, P. 3.

On this 23rd day of January, 2020, the foregoing document was filed with Docket Control as a Correspondence from Commissioner, and copies of the foregoing were mailed on behalf of Sandra D. Kennedy, Commissioner – A.C.C. to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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